



THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: March 28, 2002 REPORT NO. 02-078

ATTENTION: Land Use and Housing Committee and Planning Commission
Docket of April 3, 2002

SUBJECT: Strategic Framework Element Workshop

REFERENCE: Planning Report Nos. P-00-012, P-00-035, P-00-072, P-00-88, P-00-191,
P-01-140, Memorandums dated June 29, 2000, August 9, 2000, and
January 22, 2001.

INTRODUCTION

Although this report provides no recommendations, it does present detailed information regarding the entire Strategic Framework Element and related work program items. This has been provided to solicit input and direction regarding the public review drafts through the public workshop process so that staff can incorporate new information and refine the documents for the adoption hearing process.

BACKGROUND

A New General Plan

Timely and effective planning is critical to assist a city in its evolution, as well as to protect the health, safety and welfare of its residents. Recognizing this, the State of California requires that each city have a general plan to guide its future growth and development. The state also requires each city to update its general plan periodically to ensure relevance and utility.

The City of San Diego is initiating an amendment to its *Progress Guide and General Plan*, the Strategic Framework Element, which will provide the first update since 1979. Several factors that influenced the timing of this update include:

- The City's population is projected to increase by approximately 350,000 people by 2020.
- Less than 10 percent of the City's land is vacant and available for new development, meaning the City must shift from developing vacant land to reinvesting in existing communities.
- The City faces a significant shortfall in public facilities and services.
- The need to address traffic congestion and other quality of life concerns.
- Housing is increasingly unaffordable and unavailable.

The Strategic Framework Element

This planning effort affords the City an opportunity to prepare a comprehensive strategy to address its challenges so that it can achieve its primary goal: leverage projected growth to improve the quality of life for current and future generations of San Diegans.

This Strategic Framework Element provides the overall structure to guide the General Plan update, including future community plan amendments and implementation of a five-year action plan. The Strategic Framework Element represents the City's new approach for shaping how the City will grow while attempting to preserve the character of its communities and its most-treasured natural resources and amenities.

The Strategic Framework Element will act as a basis for updating the other General Plan elements and will be accompanied by a Five-Year Action Plan. The Action Plan is a separate document that sets the City's work program in motion following City Council adoption of the element.

Public Participation

Work on the Strategic Framework Element was initiated by the City Council in 1998. An extensive work program has included five phases of public outreach and a series of meetings, workshops and presentations involving the City Council, Planning Commission, a Steering Committee, a 40-member Citizen Committee, community planning groups, businesses, the general public, and other key stakeholders.

More than 200 public meetings have been held over a three-year period. These meetings have informed the public of the region's growth projections and related issues; provided a forum to begin a public discussion about the issues related to growth; allowed the public opportunities to review and discuss alternative strategies and the recommended strategy; and to provide input throughout the process.

An established telephone hotline and recently updated website offer additional venues to encourage a steady stream of public comment and review. Educational programs produced and aired on City Access television have focused on topics such as urban form, infrastructure and public facilities, neighborhood quality, and economic prosperity. The Strategic Framework

public outreach program has further engaged a variety of organizations, groups, businesses, individuals and other community stakeholders such as the Building Industry Association (BIA), the Sierra Club, and the San Diego Chamber of Commerce through a number of presentations tailored to fit each individual group.

Most recently, the Planning Department completed Phase V of public outreach with a series of community workshops involving nearly 300 citizens. These workshops provided additional information about the element and allowed citizens to give additional feedback on the City of Villages strategy prior to the Council hearing this summer.

Strategic Framework Citizen Committee

In February of 2001, the Strategic Framework Citizen Committee took on additional members and restructured itself to reflect the current work program. This committee has played a key role in defining the Strategic Framework Element. The committee is now composed of five subcommittees including: Strategic Framework Element, Action Plan, Finance, Pilot Villages, and Public Outreach. The subcommittees have played an essential role in guiding development of key work products in this planning effort, many of which are included as attachments to this report.

Community Planners Committee

Strategic Framework staff met with the Community Planners Committee (CPC) on a monthly basis between October 2000 and September 2002 to present and discuss the City of Villages strategy and related topics such as transit, urban design, density, preparation of the Draft Environmental Impact Report, and the Five-Year Action Plan. The City Council, through Council Policy 600-9, has charged CPC to assist the Planning Department, Planning Commission and City Council with the preparation, adoption, and implementation of amendments to the *Progress Guide and General Plan*. CPC has taken this task seriously and has allocated substantial time at their monthly meetings (many times devoting the entire agenda) to study and understand the Strategic Framework Element, and what it means for each of the community plan areas and the City as a whole. The committee met in August (CPC does not normally meet during that month) to provide more discussion time for its members, and concluded in September 2001 with a resolution in conceptual support of the City of Villages strategy and a concurrence that the Draft Environmental Impact Report would include an adequate number of alternatives for study.

Since September, staff has provided CPC with regular updates and will return to CPC on April 23, 2002 to hear CPC's final recommendation regarding the Strategic Framework Element and the City of Villages strategy prior to the beginning of the public hearing process.

DISCUSSION

City of Villages Strategy

The essence of the Strategic Framework Element is the City of Villages strategy, a wide-ranging approach to improving the quality of life for all San Diegans. The City of Villages concept builds upon what we already have by creating a network of vibrant village centers served by a world-class transit system. The strategy addresses the urban development trends of the past and the challenges of the near future, while outlining implementation strategies for the continued growth of the City beyond the year 2020. The focus of the strategy is determining where and how new growth and redevelopment occur to ensure the long-term environmental, social and economic health of the City and its many communities.

Conceptually, the City of Villages reinforces and enhances the existing patterns of development found in the City's communities. It draws upon the strengths of San Diego's natural environment, neighborhoods, commercial hubs and employment centers and utilizes existing and new village centers for further intensification. The City's designated open space areas are untouched and single-family neighborhoods are largely unaffected, as higher-density redevelopment is directed into five distinct land use districts or village types.

The strategy defines a village as "the heart of the community, where residential, commercial, employment and civic uses are integrated." Villages are to be pedestrian-friendly and have inviting public spaces for community events. Villages will offer a variety of housing types and densities and be supported by excellent transit service and public facilities such as schools and parks. No two villages will be alike—each will be unique to the community in which it is located.

Villages Types

There are five distinct village types identified on the draft City of Villages Map:

- 1) The Regional Center (Downtown San Diego) is the administrative, legal and cultural center of the region, and is an appropriate location for the highest density housing and most intense, mixed-used development served by multi-modal transportation systems.
- 2) Subregional Districts, such as Mission Valley and Otay Mesa, are major employment or commercial districts with adjacent multifamily residential uses, served by major transportation systems.
- 3) Urban Village Centers, such as Hazard Center, are more focused development nodes within Subregional Districts that have an intense mix of employment, commercial and higher density residential uses near transit hubs.

- 4) Neighborhood Village Centers, exemplified by the Uptown area and found in most communities in the City, are neighborhood-oriented areas of varying sizes featuring local commercial, office, personal services, public-gathering spaces and a variety of residential housing types.
- 5) Transit Corridors, such as El Cajon Boulevard and Garnet Avenue, are the commercial “main streets” found in many urbanized communities that can be revitalized to serve as linkages between village centers.

A generalized Village map will be provided in the Element and is intended to give a general overview of potential and existing village locations. A draft of such a map is included in Attachment III. More refined boundaries will be defined as part of the community plan update and amendment process. Community plan amendments, rezonings, preparation of master plans, and environmental review are still necessary for individual village sites in the future.

Also included in Attachment III are tables which provide a community-by-community comparison of the estimated additional housing units which would be added to the existing community plan as a result of the City of Villages strategy. The information in this table will be included in future drafts of the Strategic Framework Element and is intended to provide a guide for future community plan updates. The table indicates that the communities of Mission Valley (34.9%), Kearny Mesa (34.5%), Centre City (32.5%), and Midway/Pacific Highway (32%), will experience the most change in residential units as a result of the City of Villages strategy. This is due in part to the addition of residential units to areas which are currently focused on employment and retail uses and the mobility opportunities that Transit First can provide to these communities. The remainder of the communities will experience an increase of 13% or less residential growth. The strategy does not, however, propose to replace employment uses. It simply proposes more efficient use of land such that housing could be added to planned employment areas.

Transit-Oriented Development Design Guidelines

As an interim implementation measure, staff is recommending that the Council adopted Transit-Oriented Development Design Guidelines (TOD Guidelines) be applied to designated village and corridor sites in the villages map. However, the TOD Guidelines would apply only where there is an existing requirement for discretionary review and where the guidelines are compatible with the underlying zone and community plan land use designation.

Five-Year Action Plan

The Strategic Framework Five-Year Action Plan is a companion document to the Strategic Framework Element. It outlines the work program proposed to implement the City of Villages strategy. The Action Plan identifies actions to be taken, the “Lead Department(s)” to further the action, whether staff funding is available to work on the item, potential public and private sector partners who should be involved, and which action items have the highest priority for

implementation. Major action items identified in the Action Plan include updating other elements of the General Plan and the City's community plans. It also recommends actions to revise, reexamine, and create new City policies, regulations, standards, and processes so that they are consistent with the Element. In addition, the Action Plan directs that a financing strategy be prepared and that new revenue sources be secured to implement key components of the Strategic Framework Element, such as infrastructure improvements and increased village amenities.

The Action Plan recommends a heightened level of interdepartmental and agency cooperation, and greater partnerships with the development industry and citizen groups. These partnerships will be needed to increase joint use of public facilities, phase in the Transit First plan, streamline permits, and increase equitable access to educational and job opportunities, among other efforts. Partnerships are also essential to increase the supply of affordable, or workforce, housing. This housing is needed to reach the City's balanced communities, social equity, and economic prosperity goals.

Financing Strategy

One of the greatest challenges in implementing the City of Villages will be providing the necessary public facilities and services for growing neighborhoods. Local community planning groups and citizens have demanded that any higher density development must be accompanied by sufficient parks, schools, police services, sewer lines, and public transit. However, the City faces a \$2.5 billion (2001 dollars) shortfall in public facilities and infrastructure already identified in current community plans. The City estimates that more than \$100 million in additional revenue per year over the next 20 years will be needed to finance this shortfall. It is important to note that this shortfall will exist whether or not the City of Villages strategy is adopted or implemented.

Given this scenario, delivering any new services while financing current facility shortfalls will require new funding sources and may require refocusing City resources into communities with the highest concentrations of jobs or housing. With the guidance of the Strategic Framework Citizen Committee's Finance Subcommittee, City staff is preparing financing strategies to address the shortfall and identify potential funding sources for new or upgraded facilities. Ultimately, however, San Diego voters will choose how to finance public facilities and infrastructure needs.

After much study and consideration, the Finance Subcommittee has identified four approaches toward achieving the needed City infrastructure and public facilities (see Attachment VI for more detail). These approaches complement one another and are summarized as priorities:

1. Fiscal reform at the state and local level
2. "Regionalization" of infrastructure expenses
3. Efficient use of shared resources
4. Seek new revenue sources

The Finance Subcommittee reviewed the findings of an independent municipal finance advisor (report included in Attachment VI) and concluded that there are a number of major revenue options that merit review by the City, once the first three approaches above have been pursued to the extent practicable. They include:

- General Obligation Bonds requiring a 2/3 property tax override vote
- Residential refuse collection fee requiring a majority vote

Other revenue sources currently utilized by most major cities in the State of California also recommended by the committee for consideration, require a majority vote of the electorate:

- Application of a utility users tax
- Increasing the transient occupancy tax
- Increasing the real property transfer tax to levels similar to rates of peer cities within the State of California.

Pilot Villages

For many, the village concept is still unfamiliar and is difficult to visualize. The Pilot Village program will involve the selection of three sites around the City to demonstrate how a village can be built and, how it will evolve and function depending on the neighborhood and community in which it is sited. The City will partner with communities, agencies, property owners and developers to implement the Village strategy, in a timely fashion, in these three locations. It is a goal that this process will serve as a catalyst in the development and evolution of the strategy around the City. The Strategic Framework Citizen Committee's Pilot Village Subcommittee has worked with staff to draft and test threshold, location and project criteria and a two-tier process to assist in the selection of the three sites. The subcommittee also worked with staff to develop a Pilot Village Submittal Package (see Attachment VII). The Smart Growth Implementation Committee (see Attachment XII) will use this information as part of the evaluation of the project submittals, and will make a recommendation to the City Council regarding Pilot Village finalists. The subcommittee also provided the initial input for the development of an incentive package to facilitate the design and timely construction of a pilot village. Planning staff is working with other City departments to complete the incentive program and will be discussing potential incentives with the Smart Growth Implementation Committee on April 19.

It is anticipated that the City Council will announce the beginning of the Pilot Village Program after consideration and adoption of the Strategic Framework Element in July of this year. The City will immediately begin a public outreach program to explain and publicize the Pilot Village Program and selection process to solicit submittals. The draft schedule anticipates that applications will be due approximately two months later, with second phase participants to be selected in November 2002. Second phase participants will be invited to fully develop and design program proposals for Smart Growth Implementation Committee review and evaluation in

March 2003. City Council will consider the recommended finalists and select three pilot villages in April/May 2003.

It is hoped that the projects selected in Spring 2003 will be the first of many, and that the Pilot Village Program will continue and evolve based upon initial success. The program is designed to serve as a classroom experience from which the entire community can learn and benefit.

Environmental Review

In October 2001, SANDAG released the 2030 Preliminary Forecast changes for the region. According to the revised forecast, the City of San Diego will experience approximately 90,000 less population and 33,000 fewer units over existing plan capacity in 2020 than previously forecasted. The revised forecast was based on the newly available 2000 Census data which indicates that the San Diego region's growth rate will drop to almost 1% by 2020. The Draft Strategic Framework Element and City of Villages map used for the Draft Environmental Impact Report (DEIR) were therefore revised to project an approximate range of 17,000 to 37,000 units over plan capacity by 2020, down from 50,000 to 75,000 units in the previous projection. In addition to the lower forecast, assumptions were added that phased in village centers slowly over time, particularly in community plan areas where two or more villages were located.

A DEIR was prepared for the proposed City of Villages - Strategic Framework Element pursuant to the California Environmental Quality Act (CEQA). The availability of the DEIR was noticed in the San Diego Union Tribune on January 12, 2002 and in the Daily Transcript on January 14, 2002, and the copies were distributed on January 14, 2002. The DEIR, in its entirety, has been posted on the City's web site, and copies are available for review at the offices of the Development Services Department, branch libraries, and community service centers. The public review period was to initially end on March 12, 2002, but was extended to March 26, 2002. This extension allowed a total of 72 days for public review and comment, ample time for community planning groups and interested persons to participate in the CEQA review process regarding this proposed citywide policy. All received written public comments and associated City staff responses will be included in the Final EIR for review and consideration by the Planning Commission and the City Council. It is estimated that the Final EIR will be completed at the end of April 2002.

The DEIR is a Draft Programmatic EIR which addresses the adverse environmental effects of the adoption of the proposed General Plan Element (City of Villages - Strategic Framework Element) and the 5-Year Action Plan and the placement of the TOD overlay over the potential village centers. This programmatic document analyzes the proposed growth policy on both a citywide and regionwide basis. As related to the regionwide condition, this Programmatic EIR includes environmental analysis of an additional 17,000 to 37,000 dwelling units over current community plans needed to support the projected City of San Diego population growth based upon regional projections for the year 2020 and beyond. However, any required, subsequent amendment of the adopted community plans, rezones or any other discretionary actions to

implement this proposed City of Villages growth strategy, are not covered in this initial Programmatic EIR.

Transit First and MTDB Coordination

The Metropolitan Transit Development Board (MTDB) and City of San Diego Planning Department staffs have been closely coordinating development of the Transit First program with the Strategic Framework Element. Transit First is an effort to expand the role of transit in the San Diego region as we continue to grow. The program was based on market research and analysis of the current and projected trip-making patterns in San Diego. The program calls for an extensive network of service and a broader range of transit vehicles, station design, and amenities.

MTDB is currently evaluating five transit corridors for the development of a Transit First “showcase” project, which will demonstrate the customer-based concepts and gain the agency experience in new transit technologies. The showcase project is designed to be implemented within a three-to-five year time frame. The MTD Board is expected to select a showcase project this spring.

The Transit First program and the development of a City of Villages are mutually interdependent. The villages will need improved transit to mitigate anticipated traffic and parking impacts, and Transit First relies upon compact, walkable neighborhoods to make transit a more convenient and heavily used travel option. (For more information see Attachment IX.)

Addressing the Tier System

The growth management program, the predecessor of the City of Villages strategy, divided the City geographically into three tiers or phases of growth: Urbanized, Planned Urbanizing, and Future Urbanizing areas (FUA). This was adopted as part of the 1979 *Progress Guide and General Plan* to address sprawl and to revitalize the City’s older neighborhoods. The City has built out, more or less, according to that growth strategy. Proposition A, adopted in 1985, amended the General Plan to require a vote of the people to approve redesignation of the FUA to any other phase of development, and essentially froze existing development regulations on those lands. As of 2002, most of the City is within the urbanized or planned urbanizing area tiers.

The City of Villages strategy is, in essence, a replacement of the existing phased development areas strategy, developed to address San Diego as a maturing city. The tier system, however, is obsolete, and existing General Plan language is inaccurate and misleading when it describes many of the remaining Proposition A lands (San Pasqual, Tijuana River Valley, San Dieguito River Valley, and other properties) as future urbanizing. These are valuable open space resources and are unsuitable for urbanization. As described above, the City Council has adopted a very detailed policy with respect to how such properties should be protected and managed.

One of the recommended Five-Year Action Plan items is to work with the public to revise existing General Plan language to more accurately describe the remaining land subject to Proposition A, and to amend related policies and ordinances to reflect these revisions. (For more information see Attachment X.)

Next Steps

Timeline

The project timeline was adjusted for modifications in the CEQA process. First, to revise the Draft City of Villages Map based upon revised SANDAG population forecast projections. Secondly, to extend the deadline for public comments on the DEIR from March 12 to March 26, 2002, for a total of 72 days for public review. A revised project timeline has been prepared (see Attachment XI). The revised timeline also indicates opportunities for public input on the Strategic Framework Element, Draft Villages Map, and Action Plan, and the dates for the formal Planning Commission and City Council public workshops and the adoption hearings.

In conclusion, the draft documents before the Land Use and Housing Committee and Planning Commission during this workshop are the products of a community-inspired and citizen-based effort. San Diegans have spoken for generations about their vision for the City of San Diego and their common values. The Strategic Framework Element and the City of Villages strategy are viewed as a first step in realizing this vision.

Respectfully submitted,

S. Gail Goldberg
Planning Director

Approved: P. Lamont Ewell
Assistant City Manager

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Attachment: Land Use & Housing April 3, 2002 Update Binder
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Note: The attachment is not available in electronic format. A copy is available for review in the Office of the City Clerk. Also, copies of some or all of the binder contents can be requested through the Planning Department Strategic Framework Hotline (619) 235-5226.